

Honolulu, Hawaii

FEB 11 2014

RE: S.B. No. 2821  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which  
was referred S.B. No. 2821 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Adopt revisions to the National Association of Insurance Commissioners model laws on Credit for Reinsurance Model Act, Standard Valuation Law, Standard Nonforfeiture Law for Life Insurance, and Insurance Holding Company System Regulatory Act; and
- (2) Ensure the Insurance Division of the Department of Commerce and Consumer Affairs maintains its accreditation with the National Association of Insurance Commissioners.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, USAA, Lloyd's of London, Reinsurance Association of America, American Council of Life Insurers, and one individual. Your Committee received comments on this measure from the Office of Information Practices and National Association of Mutual Insurance Companies.

Your Committee finds that the revisions to the State's Insurance Code in this measure are part of the National Association of Insurance Commissioners' Solvency Modernization



Initiative, a critical self-examination to update the nation's insurance solvency regulation framework and review international developments regarding insurance supervision, banking supervision, and international accounting standards and their use in the country's insurance regulation. The Solvency Modernization Initiative focuses on key issues, including capital requirements, governance and risk management, group supervision, statutory accounting and financial reporting, and reinsurance.

Your Committee further finds that the National Association of Insurance Commissioners' financial regulation standards and accreditation program ensure that each state has adequate solvency laws and regulations to protect consumers and guarantee reserve funds. This measure will therefore help protect consumers in Hawaii and ensure that the Insurance Division of the Department of Commerce and Consumer Affairs retains its accreditation with the National Association of Insurance Commissioners.

Your Committee has amended this measure by:

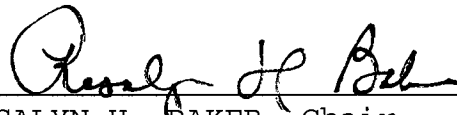
- (1) Clarifying that documents, materials, or other information that are already confidential by law and privileged shall not be disclosable under chapter 92F, Hawaii Revised Statutes, rather than not subject to the requirements of chapter 92F, Hawaii Revised Statutes;
- (2) Clarifying that disciplinary action by the Insurance Commissioner against an appointed actuary, rather than against a qualified actuary, shall be defined in regulations, to conform to the National Association of Insurance Commissioners Standard Valuation Law;
- (3) Specifying that the nonforfeiture interest rate for life insurance policies issued prior to the operative date of the valuation manual shall not be less than four percent, to conform to the National Association of Insurance Commissioners Standard Nonforfeiture Law for Life Insurance;
- (4) Clarifying corporate confidentiality language pertaining to insurance holding company systems, to conform to the National Association of Insurance Commissioners Insurance Holding Company System Regulatory Act; and



- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2821, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2821, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



ROSALYN H. BAKER, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 2821</b>	Committee Referral: <b>CPN, NAM</b>	Date: <b>2/7/14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div style="text-align: center;"> <b>Distribution:</b>            Original            File with Committee Report         </div> <div style="text-align: center;">           Yellow            Clerk's Office         </div> <div style="text-align: center;">           Pink            Drafting Agency         </div> <div style="text-align: center;">           Goldenrod            Committee File Copy         </div> </div>				

\*Only one measure per Record of Votes